

Exhibit F

SANABEL AL-KHEER, INC.

3713 S. George Mason Drive, # 513W
Falls Church, VA 22041

TO: Sameer Al Radhi
FROM: Mr. Hillali, Greg Brown, Board Members
RE: Sanabel's Charitable Activities for 2008
DATE: January 21, 2009

During 2008, Sanabel accelerated its charitable efforts by funding three major nonprofit humanitarian relief organizations. The organizations include: (1) Muslimat Al-Nissa Health, Education, Social and Shelter Services in Baltimore, Maryland; (2) St. Jude's Children's Research Hospital in Memphis, Tennessee¹; and (3) The Palestine Children's Relief Fund in Cleveland, Ohio. Attached to this report are separate files detailing Sanabel's efforts and the procedures followed by Sanabel in donating money to the aforementioned organizations. For each organization, Sanabel's Board of Directors voted on a uniform board resolution to donate money. Also, please find attached a thank you letter and an acknowledgement of receipt of funds from each donee.

We hope that Sanabel's 2008 charitable efforts will help us maintain our nonprofit, charitable tax exempt 501(c)(3) status. It is important that Sanabel demonstrate to the United States IRS that we engage in sufficient 501(c)(3) charitable activities to preserve our tax exempt status. As long as we continue to steadily donate money to charitable organizations we should not have a problem maintaining our 501(c)(3) status. However, it is important to note that we have faced some difficulty in finding donees willing to accept our charitable donations. For example, UNICEF rejected our request to donate funds because of concerns that Sanabel is allegedly tied to designated terrorist organizations, is a named defendant in the 9/11 Litigation

¹ St. Jude's is a hospital devoted to research and medical treatment of children with cancer.

and owes money to IIROSA, an entity having had two offices designated by OFAC as supporting international terrorism. We have concerns that potential charitable donees will continue to rebuff Sanabel's efforts to donate money in the future out of fear that the United States government will investigate them for possible 501(c)(3) violations if they accept money from Sanabel.

We also wish to take this opportunity to explain the significant legal fees expended this past year on behalf of Sanabel. Sanabel has had a lot of 501(c)(3) legal issues to deal with in the past year, including meetings with the IRS regarding the preservation of Sanabel's 501(c)(3) status. We directed our attorneys to had to prepare an extensive questionnaire for donees to complete in order to ensure that we only donate money to legitimate charities. The United States government has placed Muslim charities, like Sanabel, under a microscope, examining every charitable transaction. If Sanabel donates money to an entity, which is later found to have ties to terrorism, then Sanabel can be held criminally liable and/or be sued, like in the 9/11 Litigation. It is imperative that Sanabel exhaustively investigate each donee to ensure the absence of ties to terrorism. Recent case law makes it very risky for charities to donate to entities without having first done their homework.

Other legal issues facing Sanabel this past year include the continued defense of the 9/11 Litigation. Both Sana-Bell, Inc. and Sanabel Al Kheer, Inc. are named defendants in the 9/11 Litigation. We see no end in sight to the 9/11 Litigation and will likely continue to expend significant funds in defense of the 9/11 Litigation.

Sanabel also ran into a problem when Mr. McMahon tried to wire funds to IIROSA to pay off Sanabel's debt. Due to OFAC actions, Mr. McMahon's account was frozen and we had to work with OFAC and the bank to unfreeze Mr. McMahon's account. We are still working with OFAC to obtain authorization to repay IIROSA's debt.

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Likewise, Sanabel was forced to expend significant funds to successfully close on selling real estate that Sanabel owned in Northern Virginia. Sanabel faced significant closing issues because of alleged terrorism ties and fears on the part of the buyer that OFAC or some other government action would stymie the sale of the property.

One of Sanabel's major legal successes involved a criminal contempt hearing against Sanabel. Sanabel's Board of Directors authorized the payment of \$75,000 in legal fees to Mr. McMahon's firm to fight the criminal contempt ruling. Mr. McMahon's firm fought the criminal contempt matter for nine months and saved Sanabel at least \$31,000 in potential penalties, not to mention avoiding a criminal indictment.

In closing, the Board of Directors wishes to outline the donees they wish to target in the future. The Board of Directors has completed detailed research on potential donees, reviewing such sources as the American Institute of Philanthropy's A-Z Listings and a Washingtonian Magazine article on how to make the most out of your charitable donations in the local community. As result of this research, the Board of Directors would like donate money to the following entities: 1) JoinPlainUSA.org, a charity sponsoring poor children across the United States; 2) The Clara Mohammed Middle School in the District of Columbia; 3) The Capital Area Food Bank; 4) The Metro Teen AIDS Support Group; 5) Bright Beginnings; 6) Child and Family Network Centers; 7) Redwiggler Community Farm; 8) Spread Learning Center; 9) Doorways for Women and Families; and 10) Arlington FREE clinic.

Prepared and Reported by,


Mr. El-Hillali

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